



Senate

General Assembly

File No. 613

February Session, 2014

Substitute Senate Bill No. 457

Senate, April 17, 2014

The Committee on Judiciary reported through SEN. COLEMAN of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING REVISIONS TO THE COMMON INTEREST OWNERSHIP ACT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 47-250 of the 2014 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2014*):

4 (b) The following requirements apply to meetings of the executive
5 board and committees of the association authorized to act for the
6 association:

7 (1) Meetings shall be open to the unit owners and to a representative
8 designated by any unit owner except during executive sessions. The
9 executive board and those committees may hold an executive session
10 only during a regular or special meeting of the board or a committee.
11 No final vote or action may be taken during an executive session. An
12 executive session may be held only to: (A) Consult with the
13 association's attorney concerning legal matters; (B) discuss existing or

14 potential litigation or mediation, arbitration or administrative
15 proceedings; (C) discuss labor or personnel matters; (D) discuss
16 contracts, leases and other commercial transactions to purchase or
17 provide goods or services currently being negotiated, including the
18 review of bids or proposals, if premature general knowledge of those
19 matters would place the association at a disadvantage; or (E) prevent
20 public knowledge of the matter to be discussed if the executive board
21 or committee determines that public knowledge would violate the
22 privacy of any person.

23 (2) For purposes of this section, a gathering of board members at
24 which the board members do not conduct association business is not a
25 meeting of the executive board. The executive board and its members
26 may not use incidental or social gatherings of board members or any
27 other method to evade the open meeting requirements of this section.

28 (3) Notwithstanding any actions taken by unanimous consent
29 pursuant to subdivision (8) of subsection (b) of this section, during and
30 after the period of declarant control, the executive board shall meet at
31 least two times a year at the common interest community or at a place
32 convenient to the community. Those meetings, and after termination of
33 the period of declarant control, all executive board meetings, shall be
34 at the common interest community or at a place convenient to the
35 community unless the bylaws are amended to vary the location of
36 those meetings.

37 (4) At each executive board meeting, the executive board shall
38 provide a reasonable opportunity for unit owners to comment
39 regarding any matter affecting the common interest community and
40 the association.

41 (5) Unless the meeting is included in a schedule given to the unit
42 owners or the meeting is called to deal with an emergency, the
43 secretary or other officer specified in the bylaws shall give notice of
44 each executive board meeting to each board member and to the unit
45 owners. The notice shall be given at least five days before the meeting
46 and shall state the time, date, place and agenda of the meeting, except

47 that notice of a meeting called to adopt, amend or repeal a rule shall be
48 given in accordance with subsection (a) of section 47-261b. If notice of
49 the meeting is included in a schedule given to the unit owners, the
50 secretary or other officer specified in the bylaws shall make available
51 an agenda for such meeting to each board member and to the unit
52 owners not later than forty-eight hours prior to the meeting.

53 (6) If any materials are distributed to the executive board before the
54 meeting, the executive board at the same time shall make copies of
55 those materials reasonably available to unit owners, except that the
56 board need not make available copies of unapproved minutes or
57 materials that are to be considered in executive session.

58 (7) Unless prohibited by the declaration or bylaws, the executive
59 board may meet by telephonic, video or other conferencing process if
60 (A) the meeting notice states the conferencing process to be used and
61 provides information explaining how unit owners may participate in
62 the conference directly or by meeting at a central location or
63 conference connection; and (B) the process provides all unit owners the
64 opportunity to hear or perceive the discussion and offer comments as
65 provided in subdivision (4) of this subsection.

66 (8) The minutes of all executive board meetings shall contain a
67 record of how each board member cast his or her vote on any final
68 action proposed to be taken by the executive board, unless such action
69 was approved either by unanimous consent of the board members or
70 without objection by any board member.

71 [(8)] (9) Instead of meeting, the executive board may act by
72 unanimous consent as documented in a record authenticated by all its
73 members. The secretary promptly shall give notice to all unit owners
74 of any action taken by unanimous consent.

75 [(9)] (10) Even if an action by the executive board is not in
76 compliance with this section, it is valid unless set aside by a court. A
77 challenge to the validity of an action of the executive board for failure
78 to comply with this section may not be brought more than sixty days

79 after the minutes of the executive board of the meeting at which the
80 action was taken are approved or the record of that action is
81 distributed to unit owners, whichever is later.

82 Sec. 2. Subsection (b) of section 47-252 of the 2014 supplement to the
83 general statutes is repealed and the following is substituted in lieu
84 thereof (*Effective October 1, 2014*):

85 (b) At a meeting of unit owners the following requirements apply:

86 (1) If only one of several owners of a unit is present at a meeting of
87 the association, that owner is entitled to cast all the votes allocated to
88 that unit. If more than one of the owners are present, the votes
89 allocated to that unit may be cast only in accordance with the
90 agreement of a majority in interest of the owners, unless the
91 declaration expressly provides otherwise. There is majority agreement
92 if any one of the owners casts the votes allocated to the unit without
93 protest being made promptly to the person presiding over the meeting
94 by any of the other owners of the unit.

95 (2) [Unless a greater number or fraction of the votes in the
96 association is required by this chapter or other law or the declaration]
97 Except as otherwise provided in this chapter, other law, the declaration
98 or bylaws, a majority of the votes cast is the decision of the unit
99 owners.

100 Sec. 3. Subsection (a) of section 47-270 of the general statutes is
101 repealed and the following is substituted in lieu thereof (*Effective*
102 *October 1, 2014*):

103 (a) Except in the case of a sale in which delivery of a public offering
104 statement is required under either this chapter or chapter 825, or
105 unless exempt under subsection (b) of section 47-262, a unit owner
106 shall furnish to a purchaser or such purchaser's attorney, before the
107 earlier of conveyance or transfer of the right to possession of a unit, a
108 copy of the declaration, other than any surveys and plans, the bylaws,
109 the rules or regulations of the association, and a certificate containing:

110 (1) A statement disclosing the effect on the proposed disposition of any
111 right of first refusal or other restraint on the free alienability of the unit
112 held by the association; (2) a statement setting forth the amount of the
113 periodic common expense assessment and any unpaid common
114 expense or special assessment currently due and payable from the
115 selling unit owner; (3) a statement of any other fees payable by the
116 owner of the unit being sold; (4) a statement of any capital
117 expenditures in excess of one thousand dollars approved by the
118 executive board for the current and next succeeding fiscal year; (5) a
119 statement of the amount of any reserves for capital expenditures; (6)
120 the current operating budget of the association; (7) a statement of any
121 unsatisfied judgments against the association and the existence of any
122 pending suits or administrative proceedings in which the association is
123 a party, including foreclosures but excluding other collection matters;
124 (8) a statement of the insurance coverage provided for the benefit of
125 unit owners, including any schedule of standard fixtures,
126 improvements and betterments in the units covered by the
127 association's insurance that the association prepared pursuant to
128 subsection (b) of section 47-255; (9) a statement of any restrictions in
129 the declaration affecting the amount that may be received by a unit
130 owner on sale, condemnation, casualty loss to the unit or the common
131 interest community or termination of the common interest community;
132 (10) in a cooperative, an accountant's statement, if any was prepared,
133 as to the deductibility for federal income tax purposes by the unit
134 owner of real property taxes and interest paid by the association; (11) if
135 the association is unincorporated, the name of the statutory agent for
136 service of process filed with the Secretary of the State pursuant to
137 section 47-244a; (12) a statement describing any pending sale or
138 encumbrance of common elements; (13) a statement disclosing the
139 effect on the unit to be conveyed of any restrictions on the owner's
140 right to use or occupy the unit or to lease the unit to another person;
141 (14) a statement disclosing the number of units whose owners are at
142 least sixty days' delinquent in paying their common charges on a
143 specified date within sixty days of the date of the statement; (15) a
144 statement disclosing the number of foreclosure actions brought by the

145 association during the past twelve months and the number of such
146 actions pending on a specified date within sixty days of the date of the
147 statement; [and] (16) a statement disclosing (A) the most recent fiscal
148 period within the five years preceding the date on which the certificate
149 is being furnished for which an independent certified public
150 accountant reported on a financial statement, and (B) whether such
151 report on a financial statement was a compilation, review or audit; and
152 (17) any established maintenance standards adopted by the association
153 pursuant to subsection (e) of section 47-257.

154 Sec. 4. Subsection (b) of section 20-457 of the general statutes is
155 repealed and the following is substituted in lieu thereof (*Effective*
156 *October 1, 2014*):

157 (b) No person shall: (1) Present or attempt to present, as his own, the
158 certificate of another, (2) knowingly give false evidence of a material
159 nature to the commission or department for the purpose of procuring a
160 certificate, (3) represent himself falsely as, or impersonate, a registered
161 community association manager, (4) use or attempt to use a certificate
162 which has expired or which has been suspended or revoked, (5) offer
163 to provide association management services without having a current
164 certificate of registration under sections 20-450 to 20-462, inclusive, (6)
165 represent in any manner that his registration constitutes an
166 endorsement of the quality of his services or of his competency by the
167 commission or department. In addition to any other remedy provided
168 for in sections 20-450 to 20-462, inclusive, any person who violates any
169 provision of this subsection shall be fined not more than [five
170 hundred] one thousand dollars or imprisoned for not more than one
171 year or be both fined and imprisoned. A violation of any of the
172 provisions of sections 20-450 to 20-462, inclusive, shall be deemed an
173 unfair or deceptive trade practice under subsection (a) of section 42-
174 110b.

175 Sec. 5. Subsection (a) of section 47-224 of the general statutes is
176 repealed and the following is substituted in lieu thereof (*Effective*
177 *October 1, 2014*):

178 (a) The declaration shall contain:

179 (1) The names of the common interest community and the
180 association and a statement that the common interest community is
181 either a condominium, cooperative or planned community;

182 (2) The name of every town in which any part of the common
183 interest community is situated;

184 (3) A legally sufficient description of the real property included in
185 the common interest community;

186 (4) A statement of the maximum number of units that the declarant
187 reserves the right to create;

188 (5) In a condominium or planned community, a description of the
189 boundaries of each unit created by the declaration, including the unit's
190 identifying number or, in a cooperative, a description, which may be
191 by surveys or plans, of each unit created by the declaration, including
192 the unit's identifying number, its size or number of rooms and its
193 location within a building if it is within a building containing more
194 than one unit;

195 (6) A description of any limited common elements, other than those
196 specified in subdivisions (2) and (4) of section 47-221, as provided in
197 subdivision (10) of subsection (b) of section 47-228 and, in a planned
198 community, any real property that is or must become common
199 elements;

200 (7) A description of any real property, except real property subject
201 to development rights, that may be allocated subsequently as limited
202 common elements, other than limited common elements specified in
203 subdivisions (2) and (4) of section 47-221, together with a statement
204 that they may be so allocated;

205 (8) A description of any development rights, as defined in
206 subsection [(14)] (16) of section 47-202, and other special declarant
207 rights, as defined in subsection [(29)] (33) of section 47-202, reserved by

208 the declarant, together with a legally sufficient description of the real
209 property to which each of those rights applies and a time limit within
210 which each of those rights must be exercised;

211 (9) If any development right may be exercised with respect to
212 different parcels of real property at different times, a statement to that
213 effect together with (A) either a statement fixing the boundaries of
214 those portions and regulating the order in which those portions may
215 be subjected to the exercise of each development right or a statement
216 that no assurances are made in those regards, and (B) a statement as to
217 whether, if any development right is exercised in any portion of the
218 real property subject to that development right, that development right
219 must be exercised in all or in any other portion of the remainder of that
220 real property;

221 (10) Any other conditions or limitations under which the rights
222 described in subdivision (8) of this subsection may be exercised or will
223 lapse;

224 (11) An allocation to each unit of the allocated interests in the
225 manner described in section 47-226;

226 (12) Any restrictions (A) on alienation of the units, including any
227 restrictions on leasing which exceed the restrictions on leasing units
228 which executive boards may impose pursuant to [subdivision (2) of
229 subsection (c) of section 47-244] subdivision (3) of subsection (f) of
230 section 47-261b, and (B) on the amount for which a unit may be sold or
231 on the amount that may be received by a unit owner on sale,
232 condemnation or casualty loss to the unit or to the common interest
233 community, or on termination of the common interest community;

234 (13) The recording data for recorded easements and licenses
235 appurtenant to or included in the common interest community or to
236 which any portion of the common interest community is or may
237 become subject by virtue of a reservation in the declaration; and

238 (14) All matters required by sections 47-225 to 47-228, inclusive,

239 sections 47-234 and 47-235 and subsection (d) of section 47-245.

240 Sec. 6. Subsection (a) of section 47-17a of the 2014 supplement to the
241 general statutes is repealed and the following is substituted in lieu
242 thereof (*Effective October 1, 2014*):

243 (a) As used in this section:

244 (1) "Person" means an individual, corporation, limited liability
245 company, partnership, association, trustee or other entity capable of
246 holding an interest in real property or any combination thereof.

247 (2) (A) "Private transfer fee" means a fee or charge payable (i) upon
248 the conveyance and subsequent conveyance of an interest in real
249 property located in this state, or (ii) for the right to make or accept such
250 conveyance;

251 (B) "Private transfer fee" does not include:

252 (i) Any consideration payable by a grantee to a grantor for the
253 conveyance of an interest in real property located in this state,
254 including any subsequent consideration payable by such grantee for
255 such real property based on subsequent appreciation, development or
256 sale of such real property, provided such subsequent consideration is
257 payable on a one-time basis and the obligation to pay such
258 consideration does not bind successors in title to such real property.
259 For purposes of this subparagraph, "real property" includes a mineral
260 estate, as defined in section 47-33o;

261 (ii) Any commission payable to a real estate broker or a real estate
262 salesperson for the sale of real property located in this state pursuant
263 to a contract or agreement between such broker or salesperson and a
264 grantee or grantor, including any subsequent commission payable by
265 such grantee or grantor for such real property based on subsequent
266 appreciation, development or sale of such real property;

267 (iii) Any interest, fee, charge or other amount payable by a borrower
268 to a lender pursuant to a loan secured by a mortgage against real

269 property located in this state, including any fee payable to such lender
270 for consenting to an assumption of such loan or conveyance of such
271 real property subject to such mortgage, any fee or charge payable to
272 such lender for an estoppel letter or certificate issued by such lender,
273 and any shared appreciation interest, profit participation or other
274 consideration payable to the lender in connection with such loan;

275 (iv) Any rent, reimbursement, fee, charge or other amount payable
276 by a lessee to a lessor, including any fee or charge payable to such
277 lessor for consenting to an assignment, sublease or encumbrance of a
278 rental agreement or lease;

279 (v) Any consideration payable to the holder of an option to
280 purchase an interest in real property or the holder of a right of first
281 refusal or first offer to purchase an interest in real property located in
282 this state, for such holder's waiver, release or nonexercise of such
283 option or right;

284 (vi) Any tax, assessment, fine, fee, charge or other amount payable
285 to or imposed by a governmental entity;

286 (vii) Any dues, assessment, fine, contribution, fee, charge or other
287 amount payable to an association or a unit owners' association
288 [organized under] of a common interest community as defined by
289 chapter 828, pursuant to any declaration, covenant, law, association
290 bylaw, association rule or association regulation, including a fee or
291 charge payable to such association for an estoppel letter or certificate
292 issued by such association or its authorized agent;

293 (viii) Any dues, assessment, fine, contribution, fee, charge or other
294 amount imposed by a declaration or covenant encumbering a
295 municipality or a county or any combination thereof or a
296 neighborhood or other area, irrespective of boundaries or political
297 subdivision, in this state, and payable solely to an organization that is
298 tax exempt pursuant to 26 USC 501(c) for the purpose of supporting
299 cultural, educational, charitable, recreational, environmental,
300 conservation or other similar activities that benefit such municipality,

301 county, neighborhood or other area; or

302 (ix) Any dues, assessment, contribution, fee, charge or other amount
303 payable for the purchase or transfer of a club membership related to
304 real property located in this state.

305 (3) "Private transfer fee obligation" means an obligation arising
306 under a declaration or a covenant recorded against the title to real
307 property located in this state or under any contractual agreement or
308 promise, whether or not recorded, that requires or purports to require
309 the payment of a private transfer fee upon a conveyance or a
310 subsequent conveyance of an interest in such real property.

311 Sec. 7. Section 47-239 of the general statutes is repealed and the
312 following is substituted in lieu thereof (*Effective October 1, 2014*):

313 (a) If the declaration provides that any of the powers described in
314 section 47-244 are to be exercised by, or may be delegated to, a profit or
315 nonprofit corporation or unincorporated association that exercises
316 those or other powers on behalf of one or more common interest
317 communities or for the benefit of the unit owners of one or more
318 common interest communities, all provisions of this chapter applicable
319 to unit owners' associations apply to any such corporation or
320 unincorporated association, except as modified by this section.

321 (b) Unless it is acting in the capacity of an association described in
322 section 47-243, a master association may exercise the powers set forth
323 in subdivision (2) of subsection (a) of section 47-244 only to the extent
324 expressly permitted in the declarations of common interest
325 communities which are part of the master association or expressly
326 described in the delegations of power from those common interest
327 communities to the master association.

328 (c) If the declaration of any common interest community provides
329 that the executive board may delegate certain powers to a master
330 association, the members of the executive board have no liability for
331 the acts or omissions of the master association with respect to those

332 powers following delegation.

333 (d) The rights and responsibilities of unit owners with respect to the
334 unit owners' association set forth in sections 47-245, 47-250, 47-251, 47-
335 252 and 47-254 apply in the conduct of the affairs of a master
336 association only to persons who elect the board of a master association,
337 whether or not those persons are otherwise unit owners within the
338 meaning of this chapter.

339 (e) Even if a master association is also an association described in
340 section 47-243, the certificate of incorporation or other instrument
341 creating the master association and the declaration of each common
342 interest community the powers of which are assigned by the
343 declaration or delegated to the master association, may provide that
344 the executive board of the master association shall be elected after the
345 period of declarant control in any of the following ways:

346 (1) All unit owners of all common interest communities subject to
347 the master association may elect all members of the master
348 association's executive board.

349 (2) All members of the executive boards of all common interest
350 communities subject to the master association may elect all members of
351 the master association's executive board.

352 (3) All unit owners of each common interest community subject to
353 the master association may elect specified members of the master
354 association's executive board.

355 (4) All members of the executive board of each common interest
356 community subject to the master association may elect specified
357 members of the master association's executive board.

358 (f) No person shall provide or offer to any member of the master
359 association's executive board or a person seeking election as a member
360 of the master association's executive board, and no member of the
361 master association's executive board or a person seeking election as a
362 member of the master association's executive board shall accept, any

363 item of value based on any understanding that the vote, official action
364 or judgment of such member or person seeking election would be or
365 has been influenced thereby.

366 (g) Any member of the master association's executive board who
367 fails to attend four consecutive meetings of the master association's
368 executive board or who fails to attend fifty per cent of all the master
369 association's executive board meetings during a calendar year shall be
370 deemed to have resigned from the master association's executive
371 board. The provisions of this subsection shall not apply to a member of
372 the master association's executive board who, in accordance with the
373 bylaws of the association, appoints an alternate to attend an executive
374 board meeting of the master association.

375 Sec. 8. Subsections (a) and (b) of section 47-261e of the 2014
376 supplement to the general statutes are repealed and the following is
377 substituted in lieu thereof (*Effective from passage*):

378 (a) (1) Except as provided in subdivision (2) of this subsection, the
379 executive board, at least annually, shall adopt a proposed budget for
380 the common interest community for consideration by the unit owners.
381 Not later than thirty days after the adoption of a proposed budget, the
382 executive board shall provide to all unit owners a summary of the
383 proposed budget, including a statement of the amount of any reserves,
384 and a statement of the basis on which such reserves are calculated and
385 funded. Simultaneously, the board shall set a date not less than ten
386 days or more than sixty days after providing the summary for either a
387 meeting of the unit owners or a vote by ballot without a meeting to
388 consider approval or rejection of the proposed budget. If, at that
389 meeting or in the vote by ballot, a majority of all unit owners or any
390 larger number specified in the declaration votes to reject the proposed
391 budget, the proposed budget shall be rejected. If, at that meeting or in
392 the vote by ballot, a majority of all unit owners or any larger number
393 specified in the declaration does not vote to reject the proposed
394 budget, the proposed budget shall be approved. The absence of a
395 quorum at such meeting or participating in the vote by ballot shall not

396 affect rejection or approval of the proposed budget. If a proposed
397 budget is rejected, the budget last approved by the unit owners
398 continues until unit owners approve a subsequent budget. If a
399 proposed budget is not rejected in accordance with the provisions of
400 this subdivision, the proposed budget shall be deemed approved.

401 (2) The executive board of an association of a common interest
402 community, or of a master association as defined in section 47-239
403 exercising the powers on behalf of one or more common interest
404 communities or for the benefit of the unit owners of one or more
405 common interest communities, which community or communities
406 were established prior to July 3, 1991, and have more than two
407 thousand four hundred residential units, at least annually, shall adopt
408 a proposed budget for the common interest community for
409 consideration by the unit owners. Not later than thirty days after the
410 adoption of a proposed budget, the executive board shall provide to all
411 unit owners a summary of the proposed budget, including a statement
412 of the amount of any reserves, and a statement of the basis on which
413 such reserves are calculated and funded. Simultaneously, the board
414 shall set a date not less than ten days or more than sixty days after
415 providing the summary for either a meeting of the unit owners or a
416 vote by ballot without a meeting to consider approval or rejection of
417 the proposed budget. If, at that meeting or in the vote by ballot, a
418 majority of unit owners actually voting votes to reject the proposed
419 budget, the proposed budget shall be rejected, provided not less than
420 thirty-three and one-third per cent of the unit owners entitled to vote
421 on the proposed budget vote at that meeting or in the vote by ballot to
422 reject the proposed budget. If an association's declaration or bylaws
423 include quorum requirements for a meeting, the absence of a quorum
424 at such meeting or participating in the vote by ballot shall not affect
425 rejection or approval of the proposed budget. If a proposed budget is
426 rejected, the budget last approved by the unit owners continues until
427 unit owners approve a subsequent budget. If a proposed budget is not
428 rejected in accordance with the provisions of this subdivision, the
429 proposed budget shall be deemed approved.

430 (b) (1) Except as provided in subdivision (2) of this subsection, the
431 executive board, at any time, may propose a special assessment. Not
432 later than thirty days after adoption of a proposed special assessment,
433 the executive board shall provide to all unit owners a summary of the
434 proposed special assessment. Unless the declaration or bylaws
435 otherwise provide, if the proposed special assessment, together with
436 all other special and emergency assessments proposed by the executive
437 board in the same calendar year, do not exceed fifteen per cent of the
438 association's last adopted periodic budget for that calendar year, the
439 proposed special assessment is effective without approval of the unit
440 owners. Otherwise, the board shall set a date not less than ten days or
441 more than sixty days after providing the summary for either a meeting
442 of the unit owners or a vote by ballot without a meeting to consider
443 approval or rejection of the proposed special assessment. If, at that
444 meeting or in the vote by ballot, a majority of all unit owners or any
445 larger number specified in the declaration votes to reject the special
446 assessment, the special assessment shall be rejected. If, at such meeting
447 or in the balloting, a majority of all unit owners or any larger number
448 specified in the declaration does not vote to reject the special
449 assessment, the special assessment shall be approved. The absence of a
450 quorum at such meeting or participating in the vote by ballot shall not
451 affect the rejection or approval of the special assessment. If a proposed
452 special assessment is not rejected in accordance with the provisions of
453 this subdivision, the proposed special assessment shall be deemed
454 approved.

455 (2) The executive board of an association of a common interest
456 community, or of a master association as defined in section 47-239
457 exercising the powers on behalf of one or more common interest
458 communities or for the benefit of the unit owners of one or more
459 common interest communities, which community or communities
460 were established prior to July 3, 1991, and have more than two
461 thousand four hundred residential units, at any time, may propose a
462 special assessment. Not later than thirty days after adoption of a
463 proposed special assessment, the executive board shall provide to all
464 unit owners a summary of the proposed special assessment. Unless the

465 declaration or bylaws otherwise provide, if the proposed special
 466 assessment, together with all other special and emergency assessments
 467 proposed by the executive board in the same calendar year, do not
 468 exceed fifteen per cent of the association's last adopted periodic budget
 469 for that calendar year, the proposed special assessment is effective
 470 without approval of the unit owners. Otherwise, the board shall set a
 471 date not less than ten days or more than sixty days after providing the
 472 summary for either a meeting of the unit owners or a vote by ballot
 473 without a meeting to consider approval or rejection of the proposed
 474 special assessment. If, at that meeting or in the vote by ballot, a
 475 majority of unit owners actually voting votes to reject the proposed
 476 special assessment, the proposed special assessment shall be rejected,
 477 provided not less than thirty-three and one-third per cent of the unit
 478 owners entitled to vote on the proposed special assessment vote at that
 479 meeting or in the vote by ballot to reject the proposed special
 480 assessment. If an association's declaration or bylaws include quorum
 481 requirements for a meeting, the absence of a quorum at such meeting
 482 or participating in the vote by ballot shall not affect the rejection or
 483 approval of the proposed special assessment. If a proposed special
 484 assessment is not rejected in accordance with the provisions of this
 485 subsection, the proposed special assessment shall be deemed
 486 approved.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</i>	47-250(b)
Sec. 2	<i>October 1, 2014</i>	47-252(b)
Sec. 3	<i>October 1, 2014</i>	47-270(a)
Sec. 4	<i>October 1, 2014</i>	20-457(b)
Sec. 5	<i>October 1, 2014</i>	47-224(a)
Sec. 6	<i>October 1, 2014</i>	47-17a(a)
Sec. 7	<i>October 1, 2014</i>	47-239
Sec. 8	<i>from passage</i>	47-261e(a) and (b)

JUD *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below

Municipal Impact: None

Explanation

The bill increases the fines for certain prohibited acts by community association managers from \$500 to \$1,000 and results in a potential revenue gain. However, in FY 13 there were no convictions or fines associated with this provision.

The bill, which makes statutory changes affecting condominiums and other common interest communities, does not result in a fiscal impact to the state or municipalities as these are private entities.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 457*****AN ACT CONCERNING REVISIONS TO THE COMMON INTEREST OWNERSHIP ACT.*****SUMMARY:**

This bill makes various revisions to the Common Interest Ownership Act (CIOA) and related laws affecting condominiums and other common interest communities.

The bill requires the minutes of executive board meetings to indicate how each board member voted on any final action the board proposed to take, unless the board approved the action unanimously or without any member objecting (§ 1).

It provides that a master association executive board member generally is deemed to have resigned from the board if he or she fails to attend (1) four consecutive board meetings or (2) 50% of the board's meetings during a calendar year. This does not apply if the board member, in accordance with the association's bylaws, appointed an alternate to attend board meetings (§ 7).

Under CIOA, the default rule for unit owner meetings is that the majority of votes cast represents the owners' decision. Current law provides an exception if other CIOA provisions, other law, or the community's declaration requires a larger number or fraction of votes. The bill instead provides that other CIOA provisions, other law, the declaration, or bylaws can require something different than a majority vote (§ 2).

The bill adds to the information a unit owner must include in the resale certificate when selling a unit (§ 3).

It doubles the maximum fine, from \$500 to \$1,000, for certain

criminal acts regarding community association management services (§ 4).

Under the bill, dues, assessments, or other amounts payable to associations of common interest communities as defined under CIOA, not just those communities organized under CIOA, are exempt from the law's restrictions on private transfer fees (§ 6). The CIOA definition covers all common interest communities, including those organized before CIOA was enacted. Thus, the exemption applies to all common interest communities, regardless of when they were formed.

The bill also makes technical changes.

EFFECTIVE DATE: October 1, 2014, except for certain technical changes, which are effective upon passage.

§ 3 — RESALE CERTIFICATE

CIOA generally requires a unit owner to provide a purchaser with a certificate containing specified information before selling the unit. The bill adds to the information that must be in the resale certificate. It requires the certificate to include a statement disclosing (1) the most recent fiscal period within the preceding five years for which an independent certified public accountant reported on a financial statement and (2) whether that report was a compilation, review, or audit.

§ 4 — COMMUNITY ASSOCIATION MANAGERS

By law, community association managers must register with the Department of Consumer Protection (DCP). Under current law, certain prohibited acts relating to community association management are punishable by a fine of up to \$500, up to a year in prison, or both. The bill increases the maximum fine to \$1,000.

These prohibited acts include:

1. presenting or attempting to present someone else's registration certificate as one's own;

2. knowingly giving false material evidence to DCP, or the Connecticut Real Estate Commission within DCP, to get a certificate;
3. impersonating a registered manager;
4. using or attempting to use an expired, revoked, or suspended certificate;
5. offering to provide association management services without a current certificate; or
6. representing in any manner that registration is an endorsement by DCP or the commission regarding the manager's quality of services or competency.

By law, unchanged by the bill, these acts are also deemed to be an unfair or deceptive trade practice. In addition, these acts constitute grounds for the commission to take various disciplinary actions concerning the manager's registration.

BACKGROUND

Common Interest Ownership Act

CIOA governs the creation, alteration, management, termination, and sale of condominiums and other common interest communities formed in Connecticut on and after January 1, 1984 (CGS § 47-200 et seq.). Certain CIOA provisions also apply to common interest communities created in Connecticut before January 1, 1984, but do not invalidate existing provisions of the communities' governing instruments. Common interest communities created before that date can amend their governing instruments to conform to portions of CIOA that do not automatically apply (CGS §§ 47-214, 216, 218).

COMMITTEE ACTION

Judiciary Committee

Joint Favorable Substitute

Yea 40 Nay 0 (04/02/2014)